

A Publication of
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Division of Local Services

City & Town

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The Survey Results Are In

Lieutenant Governor Karyn Polito



I want to thank each and every one of the more than 560 local officials who responded to the Community Compact Cabinet's (CCC) survey. The responses cut across many areas of responsibility, from mayors and managers to finance officials, public safety personnel and school officials. With nearly 1,500 issues referenced, we are working hard to identify and categorize your responses. Based on a preliminary review of the data, it is clear that all of you put both time and thought into what you wrote. For that, I thank you very much. I told you we were listening and now we have plenty to hear!

The Division of Local Services (DLS) is working through all of the responses and is preparing the data so that it will be useful for us to use and help inform the next steps that are necessary to lessen the burdens on your community. As explained to the Local Government Advisory Commission (LGAC) this past Tuesday, which was attended by both the Governor and me, we want to use the data to help inform the State portion of the actual Compact that we hope to sign with all of you. You can click [here](#) for a copy of the presentation that was given to the LGAC. Between the statewide regulatory reform initiative and the data provided by you to this survey, we have a great opportunity to take your input and help create a state and local government partnership that will truly impact each of the 351 municipalities of our Commonwealth.

Over the coming weeks, we will prepare to discuss in detail the results of the survey and, where necessary and requested, follow up directly on some of the responses. Through both your efforts and those of the CCC, I am confident that we can implement meaningful reform across many facets of municipal government.

Assessing High Performance Homes

Nathaniel Cramer - Bureau of Local Assessment



On a perfect fall day last October, Bureau of Local Assessment staff from the Springfield, Worcester and Boston offices met with Jonathan Wright, owner of Wright Builders in Northampton, for a tour of

Village Hill Northampton.

Village Hill is a planned development on Hospital Hill and once the site of the old Northampton State Hospital. It includes a combination of commercial and residential properties with walking trails and residential spaces with panoramic views. Built in a series of phases over the past several years, Village Hill is made up of new construction and two surviving buildings, one of which was featured in the movie *The Cider House Rules*.

The portion of the development currently being built by Wright builders is the only all-Leadership in Energy and Environmental Design (LEED) certified neighborhood in western New England. The opportunity to tour this development in different stages of construction provided our staff with excellent insight into the difference between high performance homes and those created by standard construction methods. We toured both the residential and commercial buildings and walked the grounds.

High performance homes are a fast-growing trend related to environmentally-friendly building practices. The six elements of green building are site, water, energy, indoor air quality, materials, and operations and maintenance. Examples of such elements are energy efficient windows, heating systems and appliances. While this sounds very appealing, one may be forced to ask if the simple presence of these features actually add value on resale or if they are merely a clever marketing scheme that allows builders to justify a higher list price. Individually, adding new appliances or more efficient heating systems may help a property owner save some money, but there remains a significant difference between a home where the owner has retroactively added extra insulation in the attic and a truly built-to-purpose home. Third-party rating systems exist to help determine just how efficient a green home is. The three most widely recognized are as follows.

LEED - [Leadership in Energy and Environmental Design](#) (LEED) is a green building certification program that recognizes best-in-class building strategies and practices. The LEED rating system was unveiled in March, 2000 by the U.S. Green Building Council. There are currently over 180,000 certified professionals, which hold LEED credentials that are obtained through educational offerings. To receive a LEED certification, building projects satisfy prerequisites and earn points to achieve different levels of certification, which include Certified, Silver, Gold and Platinum. There is a guide available on the [USGBC website](#). Prerequisites and credits differ for each rating system, and there are fees associated with each level of certification.

HERS -The [Home Energy Rating System](#) (HERS) Index is the [industry standard](#) by which a home's energy efficiency is measured. This was created by the Residential Energy Services Network (RESNET). It is also the most [nationally recognized system](#) for inspecting and

calculating a home's energy performance. HERS ratings are considered the most meaningful rating system available when determining how efficient a property improvement is. A score of 100 is representative of a home that was newly constructed in 2006. A score over 100 indicates a home is less efficient, while a score less than 100 indicates it is more efficient. HERS ratings are often compared to a miles per gallon rating when purchasing a car. At the Village Hill Development we visited in Northampton, HERS ratings are expected to be 40 or below, which means those homes will be at least 60% more energy efficient than a typical newly constructed home. Ratings are determined by third-party professionals who have been trained to test different variables that affect energy consumption. The cost to hire a third-party HERS rater is based on the size of the building and whether it is new construction or existing. For a typical eight-room home with four bedrooms and two and a half baths, the cost would be approximately \$1,000. The price to get a HERS rating on that same house if it were being built new would range from \$1,500-\$2,500. The higher cost is due to multiple visits throughout the construction process.

Energy Star - To earn this designation, a home must meet strict guidelines for energy efficiency set by the U.S. Environmental Protection Agency (EPA). To ensure a home meets Energy Star guidelines, third-party verification by a certified Home Energy Rater is required. This rater works closely with the builder throughout the construction process to help determine which energy-saving equipment and construction techniques should be used. The rater also needs to conduct and document the required on-site diagnostic testing and inspections to be eligible for the Energy Star label.

Additionally, many towns in Massachusetts - approximately 53% as of October 2014 according to the Department of Energy Resources - have adopted the stretch energy code. The stretch energy code is an optional appendix to the Massachusetts building energy code that allows cities and towns to choose a more energy efficient option. The stretch energy code appendix offers a streamlined and cost-effective route to achieve approximately 20% in improved energy efficiency in residential and commercial buildings compared to the base code. The stretch code was developed because some towns wanted the ability to adopt their own, stronger energy code. When communities adopt the use of the stretch code, it allows them to take meaningful action on energy use and climate change, and both residents and businesses realize savings in their energy costs.

So how do assessors capture the impact of high performance homes? Homeowners and potential buyers prioritize saving money on energy bills and preserving natural resources, but does that really mean these homes are actually worth more than standard-built homes as a result of lower utility bills? These homes can certainly cost more to construct, but currently it is difficult to generalize how much more. Some builders and other experts say five to ten percent more per square foot, while others suggest up to 30%. Much of the cost also depends on specific

requests of the end user. Usually, these types of homes are custom built for a specific buyer. During our visit, Mr. Wright noted that his company must invest more in both hard and soft costs and be content with a smaller profit margin in order to achieve the high performance results. It is also worth noting that most of the homes and all the attached and flat homes within Village Hill are speculative, which is rare within this niche but something that seems to be gaining popularity as noted in a recent [boston.com article](#).

There remains another angle for assessors to consider. There are direct costs associated with having a home certified. Just because it initially lacks a designated certification does not mean that the house cannot receive certification. Market variables evolve over time, and until this type of construction becomes mainstream and there are frequent resales, the extra costs associated with building and the savings realized from the features will be difficult to extract from the market. Are assessors tracking the data on these properties? Is there market evidence of a price differential for these properties compared to homes that are standard built? If so, how are they treated? These are important questions that need to be monitored by assessors as the market progresses.

FY2016 Local Aid Estimates Based on HWM Committee Budget

Division of Local Services

The FY2016 local aid estimates based on the House Ways & Means Committee (HWM) budget proposal have been posted to the Division of Local Services website. View them by clicking [here](#).

The HWM Committee's budget proposal increases the minimum aid component of Chapter 70 to \$25 per pupil and adds \$5 million to the Regional School Transportation account. Most other Cherry Sheet accounts are consistent with the amounts appearing in House 1 released earlier this year.

Local aid estimates for charter school tuition and charter school tuition reimbursements are based on estimated tuition rates and projected enrollments under charters previously issued by the Board of Elementary and Secondary Education. Please be advised that charter school assessments and reimbursements will change as updated tuition rates become available. Estimates for the School Choice assessments may also change significantly when updated to reflect final tuition rates.

If you have questions about these estimates, please call the

We Need Your Numbers: Local Option and Special Act Personal Exemptions

Rick Kingsley - Municipal Data Management and Technical Assistance Bureau Chief

Anyone who has ever taken the time to read and understand the various clauses of [MGL c. 59, sect. 5](#) that relate to personal property tax exemptions knows that this can be both a mind-numbing and confusing exercise. Additional complexity arises since some clauses contain several local option provisions that allow communities to increase these exemptions and/or broaden the eligibility criteria. Further convoluting the landscape are the various special act exemptions that have been approved by the legislature for individual communities.

Recognizing this tangled web of existing exemption law, the legislature approved [Chapter 503 of the Acts of 2014](#), "An Act Relative to Local Tax Transparency," late in the 2014 legislative session. Signed by the Governor on January 8th, 2015, this act directs the Division of Local Services to develop a form to collect data from local assessors on the various local option provisions that their city or town has accepted that affect these personal exemptions, deferrals or other reductions to local property taxes. The act also instructs the Division to collect data on special act personal exemptions that a municipality may be using in lieu of or in combination with the statutory exemptions. This form was emailed to local assessing offices two weeks ago from the Division's [Municipal Databank](#).

We ask that local assessing offices take the time to report this required data to the Division by the May 3rd, 2015 deadline. The Municipal Databank has developed an Excel spreadsheet that will provide assessing departments with the ability to either confirm or update data as necessary. Once your municipality is selected in the dropdown menu in the spreadsheet, the form will populate with your community's local option data already stored in the DLS Gateway application. We ask local assessors to either confirm the data by entering a Y or to provide us with corrected data. If Local Services has not previously collected data on a particular option, the fields in the form will be shaded; however we do need assessors to provide this data to comply with Chapter 503.

The spreadsheet can be accessed by clicking [here](#). If you have any questions about completing the form, please contact the Municipal Databank at (617) 626-2384. Completed forms should be emailed to

the Databank at databank@dor.state.ma.us.

The Division will use this data to prepare a report of our findings to the Secretary of Administration and Finance, the chairs of the House and Senate Committees on Ways and Means and the chairs of the Joint Committee on Revenue. It is our hope that the legislature will use this information to streamline and modernize the personal exemption laws. For example, relief granted by elderly exemptions has not kept pace with current economic conditions and the growth in tax bills. In FY1982, the \$500 elderly exemption covered roughly half of the average single-family tax bill of approximately \$1,000. By FY2015, the \$500 exemption covered less than ten percent of the average single-family tax bill of \$5,218.

Outdated income and asset eligibility thresholds have also resulted in the granting of fewer elderly exemptions. From FY2009 to FY2014, the number of elderly exemptions granted under clause 41C declined from 18,602 to 15,229, a decrease of 18 percent. However, the dollar amount exempted only decreased by about 11 percent, indicating that many communities chose to increase this exemption amount through the local option provision of 41C. However, the local option portion of these higher exemptions is not subject to state reimbursement. In fact, state reimbursements for clause 41B and 41C exemptions are capped by law at the number of exemptions last granted when clause 41 was in effect. The income and whole estate eligibility thresholds under clause 41 are extremely low by current standards, and communities that waited too long to move to the more liberal clause 41B and 41C exemptions may have very low reimbursement caps. As a consequence, they do not receive reimbursement for some of the elderly exemptions granted under 41C.

We hope that all municipal assessing departments in the Commonwealth will provide a complete data set of this important information so that state policymakers can use it to reform the personal exemption statutes. Please assist us in this endeavor by ensuring that your local assessing office submits its personal exemption data to the Division by May 3rd, 2015.

A Brief Look Back: The War Bonus Tax

Tony Rassias - Bureau of Accounts Deputy Director

As part of its ongoing feature, "A Brief Look Back," *City & Town* will review issues that affected municipal finance in the early twentieth century as written in the Annual Reports of what is now known as the Massachusetts Department of Revenue. This month, we profile the War Bonus Tax.

Introduction

Massachusetts troops were returning from their engagements during World War I, and the Commonwealth of Massachusetts wished to honor them. Legislation was passed to grant eligible individuals who served in the war \$100. To fund this expense, the state would borrow \$20,000,000. The law also granted eligible troops a \$3 exemption from the \$5 poll tax.

The law's initial construction granted everyone who served in the war, eligible or not for the poll tax exemption, a full exemption from poll tax payment for 1920 and 1921. This was an unintended consequence, and efforts were further complicated when it remained unclear whether the war had officially terminated as of the time any payments were to be made. Finally, corrective legislation fixed the problems.

On February 19, 1920, Commissioner of Corporations and Taxation William D. Trefry gave his Annual Report for 1919 to Joseph E. Warner, the Speaker of the House of Representatives. In his report, the Commissioner explained the need for an additional tax to help confer upon the state's soldiers returning from WWI "every possible honor, public and private."

The following are excerpts from his full report.

By the Commissioner

The closing of the war brought many problems to the States and to the various cities and towns. The tremendous expenditure of treasure required for the expenses of this country on a war basis were unprecedented in history, and bore heavily upon the resources of the State as of towns and cities. Massachusetts bore her burden with the rest of the States, and the evidence of it is apparent in the various expedients to raise money by taxation which are now in force. Massachusetts conferred upon her returning soldiers every possible honor, public and private. The last act of Massachusetts was to give a gratuity of \$100 to each discharged person who served in the military or naval service of the war.

The objects of the State's bounty are defined to be each commissioned officer, enlisted man, field clerk and army and navy nurse, recognized as such by the War or Navy Department who was mustered into the Federal service and reported for active duty subsequently to February, 1917, and prior to November 11, 1918, and similarly, those who enlisted and reported for active service in the United States Navy, United States Naval Reserve, United States Marine Corps, United States Coast Guards, or the National Navy Volunteers, between the same dates, and to every man who served during the war in the regular army, navy or marine corps, and to the dependents or heirs at law of such persons, provided they had been residents of the Commonwealth not less than six months prior to their entry into service. This sum is

absolutely secured to such person without being subject to the claims of creditors, capable of assignment, and without being regarded as assets, legal or equitable, of the estate of such person deceased.

For the purpose of meeting the expenditures authorized by the act the Treasurer and Receiver-General was authorized, with the approval of the Governor and Council, to issue bonds or notes from time to time, as they are needed, to an amount not exceeding \$20,000,000 for such terms as the Governor should recommend to the General Court.

If you are interested in learning more about the War Bonus Tax by viewing the report, [click here](#).

DLS Employment Opportunity: Director of the Bureau of Accounts

Division of Local Services

The Division of Local Services is seeking a new Director of the Bureau of Accounts. This critical position oversees the tax rate setting process, free cash certification, compliance with Proposition 2 1/2 and the Qualified Bond and State House Notes Programs and plays a vital regulatory role in the fiscal well-being of every community in the Commonwealth. This is an open position, and any and all qualified candidates are highly encouraged to submit an application.

If you or someone you know is interested in applying, please click [here](#).

Register Now for the New Officials Finance Forum

Division of Local Services

The Department of Revenue's New Officials Finance Forum will be held on Tuesday, June 2nd at the Courtyard Marriott in Marlborough. This course is intended for recently elected or appointed local municipal finance officials. With an emphasis on the basics, it's designed to foster a team approach to municipal finance by developing an understanding of the responsibilities of the various offices as well as their interrelationships.

The day will begin with Senior Deputy Commissioner Sean R. Cronin's opening remarks, and topics will include an overview of municipal government, the budget process, the tax recapitulation process, and reserve and debt policies. We encourage municipalities to forward this

information to any and all new officials who would benefit from attending.

The registration form and \$50 registration fee must be received by May 22nd. [Click here for the registration form.](#)

For additional information, contact Donna Quinn at (617) 626-3838 or quinnd@dor.state.ma.us.

New Bulletins

Bureau of Municipal Finance Law

DLS recently posted on its website the following Bulletins that explain several provisions in the recent FY2015 Supplemental State Budget.

[Bulletin 2015-04B](#) February 2, 2015 Due Date Extension

[Bulletin 2015-05B](#) Abatement/Exemption Application and Payment Due Dates on Non-business Days (Supersedes Bulletin 2008-10B)

What the COMMBUYS Enablement Team Can Do for You

Operational Services Division (OSD)

[Executive Order 455](#), the first executive order issued by Governor Charlie Baker, established a Community Compact Cabinet responsible for upholding the state's commitment to an improved partnership between the Commonwealth and its 351 cities and towns. The Community Compact Cabinet seeks to empower cities and towns and school districts by finding new ways for local governments to leverage state resources and capacity. Sean Cronin, Senior Deputy Commissioner of Local Services, and Gary Lambert, Assistant Secretary for Operational Services, serve on the Community Compact Cabinet and, through this association, will be working on several joint efforts to aid our cities and towns. As part of these efforts, the Operational Services Division will contribute features highlighting initiatives and opportunities for City & Town readers on a regular basis.

The Operational Services Division (OSD), the state agency that manages more than \$1 billion in statewide contracts for commodities and services on behalf of the Commonwealth of Massachusetts, wants to ensure local government buyers take advantage of everything COMMBUYS has to offer.

What is COMMBUYS?

Launched in March 2014, COMMBUYS is the Commonwealth's state-of-the-art Market Center, providing an online venue for government purchasers and sellers to conduct their purchasing and procurement activities. Several months ago, OSD engaged a team of dedicated outreach professionals to work with local procurement officials, helping them leverage COMMBUYS functionality to save time and money.

Heading up the COMMBUYS Enablement Team is Eric Murphy, Enablement Team Manager. Rounding out the team are Jackie Abbott, Jennifer Forsey, and Patricia Parker. This group of experienced implementation specialists has been reaching out to organizations across the Commonwealth to deliver the COMMBUYS message. A few, short months and more than 6,400 miles later, the COMMBUYS Enablement Team has helped many municipal organizations design a customized COMMBUYS solution for their procurement activities.

"We're out on the road speaking with local government buyers, learning about their particular needs and challenges," states Murphy. "We understand local governments are challenged to do more with less, and organizations are interested in learning about COMMBUYS functionality and how it can improve their organization's efficiency and productivity."

What, specifically, can COMMBUYS deliver for local government? The COMMBUYS Market Center offers easy online access and purchasing from more than 120 Statewide Contracts with nearly 470,000* items available in online catalogs. Using the Market Center's extensive bid management features, registered buyers are able to create and publish bids, receive electronic responses, manage bid evaluation online, and maintain a complete end-to-end audit trail of their procurement process. COMMBUYS is free to use and available around the clock, 365 days a year.

And local governments are responding. To date, more than 80 municipal organizations have registered in COMMBUYS. Among them are cities, towns, schools, housing authorities, and fire and police departments, each selecting COMMBUYS functionality that supports and enhances their organization's business practices. The Enablement Team is actively working with numerous other entities, tailoring COMMBUYS attributes to their business needs and involving OSD training staff to get organizations up and running quickly.

A Resource for Local Government Communities

In their ongoing effort to learn more about local government needs, the COMMBUYS Enablement Team has established a presence at municipal gatherings throughout the Commonwealth. Recent Team activities include:

- Presenting at Massachusetts Association of School Business Officials' (MASBO) events, reaching a key audience of purchasers from statewide contracts.
- Maintaining membership in the Massachusetts Association of Public Purchasing Officials (MAPPO), enabling the team to work collaboratively with purchasing and procurement professionals to deepen their understanding of local purchasing practices, and share information about COMMBUYS.
- Meeting local purchasing officials at OSD's Regional Events hosted in Barnstable, Holyoke, Marlborough, and Rowley, where approximately 70 municipal buyers learned about statewide contracts, COMMBUYS, and the Enablement Team initiative.

Learn more about COMMBUYS and OSD's Local Government Initiative on OSD's website by clicking [here](#). Schedule a visit with a COMMBUYS Enablement Team member by emailing COMMBUYSEnablement@state.ma.us.

** Online Catalog Line Items available in COMMBUYS as of April 10, 2015*

April Municipal Calendar

April 1	Collector	Mail 2nd Half Semiannual Tax Bills In communities using a regular semiannual payment system, the 2nd half actual tax bill, or the actual tax if an optional preliminary bill was issued, should be mailed by this date.
April 1	Taxpayer	Deadline for Payment of Semi-Annual Bill Without Interest According to MGL c. 59, sec. 57C, this is the deadline for receipt of the actual tax payment in communities using the annual preliminary tax billing system on a semiannual basis, unless the bills were mailed after December 31. If mailed after December 31, payment is due May 1, or 30 days after the bills were mailed,

		whichever is later.
Final Day of Each Month	State Treasurer	Notification of monthly local aid distribution. Click www.mass.gov/treasury/cash-management to view distribution breakdown.
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